

107TH CONGRESS
2D SESSION

H. R. 4066

To provide for equal coverage of mental health benefits with respect to health insurance coverage unless comparable limitations are imposed on medical and surgical benefits.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2002

Mrs. ROUKEMA (for herself, Mr. KENNEDY of Rhode Island, Mr. BROWN of Ohio, Mr. EHRLICH, Mr. GEORGE MILLER of California, Mr. NORWOOD, Mr. RAMSTAD, and Mr. STARK) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for equal coverage of mental health benefits with respect to health insurance coverage unless comparable limitations are imposed on medical and surgical benefits.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Mental Health Equi-
5 table Treatment Act of 2002”.

1 **SEC. 2. AMENDMENTS TO THE EMPLOYEE RETIREMENT IN-**
2 **COME SECURITY ACT OF 1974.**

3 (a) IN GENERAL.—Section 712 of the Employee Re-
4 tirement Income Security Act of 1974 (29 U.S.C. 1185a)
5 is amended to read as follows:

6 **“SEC. 712. MENTAL HEALTH PARITY.**

7 “(a) IN GENERAL.—In the case of a group health
8 plan (or health insurance coverage offered in connection
9 with such a plan) that provides both medical and surgical
10 benefits and mental health benefits, such plan or coverage
11 shall not impose any treatment limitations or financial re-
12 quirements with respect to the coverage of benefits for
13 mental illnesses unless comparable treatment limitations
14 or financial requirements are imposed on medical and sur-
15 gical benefits.

16 “(b) CONSTRUCTION.—

17 “(1) IN GENERAL.—Nothing in this section
18 shall be construed as requiring a group health plan
19 (or health insurance coverage offered in connection
20 with such a plan) to provide any mental health bene-
21 fits.

22 “(2) MEDICAL MANAGEMENT OF MENTAL
23 HEALTH BENEFITS.—Consistent with subsection (a),
24 nothing in this section shall be construed to prevent
25 the medical management of mental health benefits,
26 including through concurrent and retrospective utili-

1 zation review and utilization management practices,
2 preauthorization, and the application of medical ne-
3 cessity and appropriateness criteria applicable to be-
4 havioral health and the contracting and use of a net-
5 work of participating providers.

6 “(3) NO REQUIREMENT OF SPECIFIC SERV-
7 ICES.—Nothing in this section shall be construed as
8 requiring a group health plan (or health insurance
9 coverage offered in connection with such a plan) to
10 provide coverage for specific mental health services,
11 except to the extent that the failure to cover such
12 services would result in a disparity between the cov-
13 erage of mental health and medical and surgical
14 benefits.

15 “(c) SMALL EMPLOYER EXEMPTION.—

16 “(1) IN GENERAL.—This section shall not apply
17 to any group health plan (and group health insur-
18 ance coverage offered in connection with a group
19 health plan) for any plan year of any employer who
20 employed an average of at least 2 but not more than
21 50 employees on business days during the preceding
22 calendar year.

23 “(2) APPLICATION OF CERTAIN RULES IN DE-
24 TERMINATION OF EMPLOYER SIZE.—For purposes of
25 this subsection—

1 “(A) APPLICATION OF AGGREGATION RULE
2 FOR EMPLOYERS.—Rules similar to the rules
3 under subsections (b), (c), (m), and (o) of sec-
4 tion 414 of the Internal Revenue Code of 1986
5 shall apply for purposes of treating persons as
6 a single employer.

7 “(B) EMPLOYERS NOT IN EXISTENCE IN
8 PRECEDING YEAR.—In the case of an employer
9 which was not in existence throughout the pre-
10 ceding calendar year, the determination of
11 whether such employer is a small employer shall
12 be based on the average number of employees
13 that it is reasonably expected such employer
14 will employ on business days in the current cal-
15 endar year.

16 “(C) PREDECESSORS.—Any reference in
17 this paragraph to an employer shall include a
18 reference to any predecessor of such employer.

19 “(d) SEPARATE APPLICATION TO EACH OPTION OF-
20 FERED.—In the case of a group health plan that offers
21 a participant or beneficiary two or more benefit package
22 options under the plan, the requirements of this section
23 shall be applied separately with respect to each such op-
24 tion.

1 “(e) IN-NETWORK AND OUT-OF-NETWORK RULES.—

2 In the case of a plan or coverage option that provides in-
3 network mental health benefits, out-of-network mental
4 health benefits may be provided using treatment limita-
5 tions or financial requirements that are not comparable
6 to the limitations and requirements applied to medical and
7 surgical benefits if the plan or coverage provides such in-
8 network mental health benefits in accordance with sub-
9 section (a) and provides reasonable access to in-network
10 providers and facilities.

11 “(f) DEFINITIONS.—For purposes of this section—

12 “(1) FINANCIAL REQUIREMENTS.—The term
13 ‘financial requirements’ includes deductibles, coin-
14 surance, co-payments, other cost sharing, and limita-
15 tions on the total amount that may be paid by a
16 participant or beneficiary with respect to benefits
17 under the plan or health insurance coverage and
18 shall include the application of annual and lifetime
19 limits.

20 “(2) MEDICAL OR SURGICAL BENEFITS.—The
21 term ‘medical or surgical benefits’ means benefits
22 with respect to medical or surgical services, as de-
23 fined under the terms of the plan or coverage (as the
24 case may be), but does not include mental health
25 benefits.

1 “(3) MENTAL HEALTH BENEFITS.—The term
2 ‘mental health benefits’ means benefits with respect
3 to services, as defined under the terms and condi-
4 tions of the plan or coverage (as the case may be),
5 for all categories of mental health conditions listed
6 in the Diagnostic and Statistical Manual of Mental
7 Disorders, Fourth Edition (DSM IV–TR), or the
8 most recent edition if different than the Fourth Edi-
9 tion, if such services are included as part of an au-
10 thorized treatment plan that is in accordance with
11 standard protocols and such services meet the plan
12 or issuer’s medical necessity criteria. Such term does
13 not include benefits with respect to the treatment of
14 substance abuse or chemical dependency.

15 “(4) TREATMENT LIMITATIONS.—The term
16 ‘treatment limitations’ means limitations on the fre-
17 quency of treatment, number of visits or days of cov-
18 erage, or other similar limits on the duration or
19 scope of treatment under the plan or coverage.”.

20 (b) CLERICAL AMENDMENT.—The table of contents
21 in section 1 of such Act is amended by striking the item
22 relating to section 712 and inserting the following new
23 item:

 “Sec. 712. Mental health parity.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply with respect to plan years begin-
3 ning on or after January 1, 2003.

4 **SEC. 3. AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT**
5 **RELATING TO THE GROUP MARKET.**

6 (a) IN GENERAL.—Section 2705 of the Public Health
7 Service Act (42 U.S.C. 300gg–5) is amended to read as
8 follows:

9 **“SEC. 2705. MENTAL HEALTH PARITY.**

10 “(a) IN GENERAL.—In the case of a group health
11 plan (or health insurance coverage offered in connection
12 with such a plan) that provides both medical and surgical
13 benefits and mental health benefits, such plan or coverage
14 shall not impose any treatment limitations or financial re-
15 quirements with respect to the coverage of benefits for
16 mental illnesses unless comparable treatment limitations
17 or financial requirements are imposed on medical and sur-
18 gical benefits.

19 “(b) CONSTRUCTION.—

20 “(1) IN GENERAL.—Nothing in this section
21 shall be construed as requiring a group health plan
22 (or health insurance coverage offered in connection
23 with such a plan) to provide any mental health bene-
24 fits.

1 “(2) MEDICAL MANAGEMENT OF MENTAL
2 HEALTH BENEFITS.—Consistent with subsection (a),
3 nothing in this section shall be construed to prevent
4 the medical management of mental health benefits,
5 including through concurrent and retrospective utili-
6 zation review and utilization management practices,
7 preauthorization, and the application of medical ne-
8 cessity and appropriateness criteria applicable to be-
9 havioral health and the contracting and use of a net-
10 work of participating providers.

11 “(3) NO REQUIREMENT OF SPECIFIC SERV-
12 ICES.—Nothing in this section shall be construed as
13 requiring a group health plan (or health insurance
14 coverage offered in connection with such a plan) to
15 provide coverage for specific mental health services,
16 except to the extent that the failure to cover such
17 services would result in a disparity between the cov-
18 erage of mental health and medical and surgical
19 benefits.

20 “(c) SMALL EMPLOYER EXEMPTION.—

21 “(1) IN GENERAL.—This section shall not apply
22 to any group health plan (and group health insur-
23 ance coverage offered in connection with a group
24 health plan) for any plan year of any employer who
25 employed an average of at least 2 but not more than

1 50 employees on business days during the preceding
2 calendar year.

3 “(2) APPLICATION OF CERTAIN RULES IN DE-
4 TERMINATION OF EMPLOYER SIZE.—For purposes of
5 this subsection—

6 “(A) APPLICATION OF AGGREGATION RULE
7 FOR EMPLOYERS.—Rules similar to the rules
8 under subsections (b), (c), (m), and (o) of sec-
9 tion 414 of the Internal Revenue Code of 1986
10 shall apply for purposes of treating persons as
11 a single employer.

12 “(B) EMPLOYERS NOT IN EXISTENCE IN
13 PRECEDING YEAR.—In the case of an employer
14 which was not in existence throughout the pre-
15 ceding calendar year, the determination of
16 whether such employer is a small employer shall
17 be based on the average number of employees
18 that it is reasonably expected such employer
19 will employ on business days in the current cal-
20 endar year.

21 “(C) PREDECESSORS.—Any reference in
22 this paragraph to an employer shall include a
23 reference to any predecessor of such employer.

24 “(d) SEPARATE APPLICATION TO EACH OPTION OF-
25 FERED.—In the case of a group health plan that offers

1 a participant or beneficiary two or more benefit package
2 options under the plan, the requirements of this section
3 shall be applied separately with respect to each such op-
4 tion.

5 “(e) IN-NETWORK AND OUT-OF-NETWORK RULES.—
6 In the case of a plan or coverage option that provides in-
7 network mental health benefits, out-of-network mental
8 health benefits may be provided using treatment limita-
9 tions or financial requirements that are not comparable
10 to the limitations and requirements applied to medical and
11 surgical benefits if the plan or coverage provides such in-
12 network mental health benefits in accordance with sub-
13 section (a) and provides reasonable access to in-network
14 providers and facilities.

15 “(f) DEFINITIONS.—For purposes of this section—

16 “(1) FINANCIAL REQUIREMENTS.—The term
17 ‘financial requirements’ includes deductibles, coin-
18 surance, co-payments, other cost sharing, and limita-
19 tions on the total amount that may be paid by a
20 participant, beneficiary or enrollee with respect to
21 benefits under the plan or health insurance coverage
22 and shall include the application of annual and life-
23 time limits.

24 “(2) MEDICAL OR SURGICAL BENEFITS.—The
25 term ‘medical or surgical benefits’ means benefits

1 with respect to medical or surgical services, as de-
2 fined under the terms of the plan or coverage (as
3 the case may be), but does not include mental health
4 benefits.

5 “(3) MENTAL HEALTH BENEFITS.—The term
6 ‘mental health benefits’ means benefits with respect
7 to services, as defined under the terms and condi-
8 tions of the plan or coverage (as the case may be),
9 for all categories of mental health conditions listed
10 in the Diagnostic and Statistical Manual of Mental
11 Disorders, Fourth Edition (DSM IV–TR), or the
12 most recent edition if different than the Fourth Edi-
13 tion, if such services are included as part of an au-
14 thorized treatment plan that is in accordance with
15 standard protocols and such services meet the plan
16 or issuer’s medical necessity criteria. Such term does
17 not include benefits with respect to the treatment of
18 substance abuse or chemical dependency.

19 “(4) TREATMENT LIMITATIONS.—The term
20 ‘treatment limitations’ means limitations on the fre-
21 quency of treatment, number of visits or days of cov-
22 erage, or other similar limits on the duration or
23 scope of treatment under the plan or coverage.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply with respect to plan years begin-
3 ning on or after January 1, 2003.

4 **SEC. 4. PREEMPTION.**

5 Nothing in the amendments made by this Act shall
6 be construed to preempt any provision of State law, with
7 respect to health insurance coverage offered by a health
8 insurance issuer in connection with a group health plan,
9 that provides protections to enrollees that are greater than
10 the protections provided under such amendments. Nothing
11 in the amendments made by this Act shall be construed
12 to affect or modify section 514 of the Employee Retire-
13 ment Income Security Act of 1974 (29 U.S.C. 1144).

14 **SEC. 5. GENERAL ACCOUNTING OFFICE STUDY.**

15 (a) STUDY.—The Comptroller General shall conduct
16 a study that evaluates the effect of the implementation
17 of the amendments made by this Act on the cost of health
18 insurance coverage, access to health insurance coverage
19 (including the availability of in-network providers), the
20 quality of health care, and other issues as determined ap-
21 propriate by the Comptroller General. Such study also
22 shall include an estimation of the costs of extending the
23 provisions of such amendments to treatment of substance
24 abuse and chemical dependency.

1 (b) REPORT.—Not later than 2 years after the date
2 of enactment of this Act, the Comptroller General shall
3 prepare and submit to the appropriate committees of Con-
4 gress a report containing the results of the study con-
5 ducted under subsection (a).

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